

CLINTON TOWNSHIP HOUSING COMMISSION
CLINTON TOWNSHIP, MICHIGAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008
AND
REPORTS ON INTERNAL CONTROL AND
COMPLIANCE

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Clinton Township Housing Commission	County* MACOMB	Type* OTHER	MuniCode*
Opinion Date-Use Calendar* December 5, 2008	Audit Submitted-Use Calendar* December 5, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies?
<input checked="" type="checkbox"/> ?	19. If so, was it attached to the audit report?

General Fund Revenue:	? \$695,496
General Fund Expenditure:	? \$801,257
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	? \$1,408,146
Governmental Activities Long-Term Debt (see instructions):	?

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Barry	Last Name* Gaudette	Ten Digit License Number* 1101011050			
CPA Street Address* 731 S. Garfield Avenue	City* Traverse City	State* MI	Zip Code* 49686	Telephone* 2319468930	
CPA Firm Name* Barry E. Gaudette, CPA, PC	Unit's Street Address* 34947 Village Road	Unit's City* Clinton Township	Unit's Zip* 48035		

CLINTON TOWNSHIP HOUSING COMMISSION
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INTRODUCTION

Independent Auditor's Report

Board of Commissioners
Clinton Township Housing Commission
Clinton Township, Michigan

I have audited the accompanying financial statements of the business-type activities of Clinton Township Housing Commission, Michigan (Housing Commission), a component unit of Clinton Township, as of and for the year ended March 31, 2008, which comprise the Housing Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Clinton Township Housing Commission, Michigan, as of March 31, 2008, and the respective changes in financial position, and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Clinton Township Housing Commission
Independent Auditor's Report
Page Two

In accordance with *Government Auditing Standards*, I have also issued my report dated December 5, 2008, on my consideration of Clinton Township Housing Commission, Michigan's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of my audit.

The management's discussion and analysis comparison information on pages 3 through 11, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that comprise Clinton Township Housing Commission, Michigan's basic financial statements. The accompanying financial data schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The combining financial statements, schedule of expenditures of federal awards, and the financial data schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sandy E. Landolt, CPA, PC

December 5, 2008

**Clinton Township Housing Commission
Management's Discussion and Analysis (MD&A)
March 31, 2008
(Unaudited)**

As management of the Clinton Township Housing Commission we offer reviewers of this audit report this narrative discussion and analysis of the Clinton Township Housing Commission's financial activities for the fiscal year ended March 31, 2008. This discussion and analysis letter of the Clinton Township Housing Commission's financial performance should be read in conjunction with the auditor's opinion letter and the following Financial Statements.

The combined financial statements reflect all of the Commission's federally funded programs and activities in one place. The Commission reports all its activities and programs using the Enterprise Fund type model. HUD encourages PHAs to use this accounting method as it is normally used to account for "business-type activities" - activities similar to those found in the private sector. Enterprise Fund types use the accrual method of accounting, the same accounting method employed by most private-sector businesses. Under this method, revenues and expenditures may be reported as such even though no cash transaction has actually taken place.

Overview of the Financial Statements

This annual report contains this *Management & Discussion Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Commission's financial statements are presented as fund financial statements because the Commission only has proprietary funds.

Required Financial Statements

The Statement of Net Assets includes the Commission's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Commission creditors (liabilities). It also provides the basis for evaluating the liquidity and financial flexibility of the Commission.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the Commission's operations over the past year and can be used to determine whether the Commission has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

Clinton Township Housing Commission
Management's Discussion and Analysis (MD&A)
March 31, 2008
(Continued)

Overview of the Financial Statements (Continued)

Required Financial Statements (Continued)

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of Supplemental Information. HUD has established Uniform Financial Reporting Standards that require Housing Commissions to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) and is required to be included in the audit reporting package.

The Financial Data Schedule reports the Commission's operations in more detail. The Commission reports all its activities using Enterprise fund types. These funds are used to show activities that operate more like commercial enterprises. The Financial Data Schedule is organized by the government Catalogue of Financial Domestic Assistance (CFDA) numbers.

Clinton Township Housing Commission Programs:

Low Rent Public Housing: Under this program, the Housing Commission rents units that it owns to low-income elderly and family households. This program is operated under an Annual Contributions Contract with HUD. HUD provides Operating Subsidies to enable the Housing Commission to lease these units at a rate that is based on 30% of the household income.

Capital Fund Program: Under this program, the Housing Commission is awarded funds each year to use for Capital Needs. The Housing Commission also has the ability to use up to 20% of these funds, if need be, to supplement Operating Subsidies. This program is the

Clinton Township Housing Commission
Management's Discussion and Analysis (MD&A)
March 31, 2008
(Continued)

Clinton Township Housing Commission Programs (Continued):

Capital Fund Program (Continued):

primary funding source for physical improvements to its properties.

Section 8 Housing Choice Voucher Program: Under this program, the Housing Commission administers contracts with independent landlords to provide housing for low-income households. These units are not owned by the Housing Commission. The Housing Commission subsidizes the family's rent via a "Housing Assistance Payment" made directly to the landlord. HUD provides subsidy to the Housing Commission to enable the Housing Commission to set the rental rates at 30% of a participant's income.

Entity-Wide Financial Highlights:

The following Federal Assistance was received during FYE 3/31/08:

	<u>FYE</u> <u>03/31/08</u>	<u>FYE</u> <u>03/31/07</u>	<u>Dollar</u> <u>Change</u>	<u>Per Cent</u> <u>Change</u>
Public Housing Operating Subsidy	\$ 237,718	\$239,616	\$(1,898)	(0.79)%
Capital Fund Program Grants	89,723	61,879	27,844	45.00%
Section 8 Housing Choice Voucher Program	<u>151,619</u>	<u>167,845</u>	<u>(16,226)</u>	<u>(9.67)%</u>
Total	<u>\$ 479,060</u>	<u>\$469,340</u>	<u>\$ 9,720</u>	<u>2.07%</u>

- * The subsidy for Public Housing stayed stable.
- * The increase in Capital Fund Grants was due to the fact that our work projects moved along at a faster pace than in the previous year.
- * The subsidy for Section 8 decreased due to decreases in HAP costs.

Clinton Township Housing Commission
Management's Discussion and Analysis (MD&A)
March 31, 2008
(Continued)

Entity-Wide Financial Highlights (Continued):

The following represents changes in the Balance Sheet:

	<u>FYE</u> <u>3/31/08</u>	<u>FYE</u> <u>3/31/07</u>	<u>Dollar</u> <u>Change</u>	<u>Per Cent</u> <u>Change</u>
Cash & Investments	\$ 251,168	\$ 267,648	\$ (16,480)	(6.16)%
Total Current Assets	282,665	294,709	(12,044)	(4.09)%
Fixed Assets, Net of				
Depreciation	1,188,298	1,321,717	(133,419)	(10.09)%
Total Assets	1,470,963	1,616,426	(145,463)	(9.00)%
Total Current				
Liabilities	57,225	98,704	(41,479)	(42.02)%
Total Long-Term				
Liabilities	5,592	3,815	1,777	46.58%
Total Liabilities	62,817	102,519	(39,702)	(38.73)%
Total Equity/Net				
Assets	1,408,146	1,513,907	(105,761)	(6.99)%

- * Cash and Investments decreased by 6%. Despite the fact that the Public Housing program ended the year with a surplus and that the Section 8 program also had increased cash, Cash decreased overall as compared to 3/31/07. The primary reason for this decrease is the payment before 3/31/08 of various recurring liabilities that remained unpaid as of 3/31/07, thus decreasing cash accounts as of 3/31/08 as compared to the prior year.
- * Total Current Assets decreased mainly due to the decrease the Cash accounts.
- * Fixed Assets increased by \$18,916. Although Fixed Assets increased this was more than offset by depreciation/equipment disposal charges which resulted in the net decreases stated in the above table.
- * Total Assets decreased due to the reasons stated above.
- * Total Current Liabilities decreased primarily due to the 3/31/08 timely payment of payroll/benefit costs. The Township prepares and processes our payroll and benefits and then bills us quarterly retroactively. We requested that they prepare and bill us for the QE 3/31/08 before 3/31/08 so that we could pay the bill instead of having to accrue it as we did in previous years. So, as of 3/31/08 we had payroll payable of zero as compared to a balance of \$41,463 as of 3/31/07.

Clinton Township Housing Commission
Management's Discussion and Analysis (MD&A)
March 31, 2008
(Continued)

Entity-Wide Financial Highlights (Continued):

- * Total Long-Term Liabilities consist solely of the presumed long-term portion of Compensated Absences. This category increased because we had an increase in that liability.
- * Total Liabilities decreased overall due to the discussions above.
- * Total Equity/Net Assets is comprised of two components: Invested in Capital Assets, which mirrors the decrease in Fixed Assets, Net of Depreciation as explained above. The other component is Unrestricted Net Assets, or what used to be called Operating Reserves. This figure increased due to the Operating Income generated by the Public Housing Program for FYE 3/31/08. There was also an increase in the Equity section for Section 8 due to excess HAP subsidy, although this money is restricted.

The following schedule compares the Revenues and Expenses for the current and prior fiscal years:

Statement of Revenues, Expenses, and Changes in Net Assets

	<u>FYE</u> 3/31/08	<u>FYE</u> 3/31/07	<u>Dollar</u> <u>Change</u>	<u>Per Cent</u> <u>Change</u>
Revenues:				
Total Revenue	\$ 203,742	\$ 175,372	\$ 28,370	16.2%
Other Revenue	<u>12,694</u>	<u>5,552</u>	<u>7,142</u>	128.6%
Total PHA generated Revenue	216,436	180,924	35,512	19.6%
Operating Subsidies/Soft Cost Grant Revenue	450,766	451,880	(1,114)	(0.2)%
Capital Grants(Hard costs)	<u>28,294</u>	<u>17,460</u>	<u>10,834</u>	62.1%
Total Revenue	<u>695,496</u>	<u>650,264</u>	<u>45,232</u>	7.0%
Expenses:				
Administrative	173,356	147,359	25,997	17.6%
Utilities	104,331	111,515	(7,184)	(6.4)%
Maintenance	165,172	161,498	3,674	2.3%
General	57,341	63,764	(6,423)	(10.1)%
Casualty Losses	3,697	2,500	1,197	47.9%
Housing Assistance Payments	134,507	129,321	5,186	4.0%
Depreciation	<u>162,853</u>	<u>163,825</u>	<u>(972)</u>	(0.6)%
Total Expenses	<u>801,257</u>	<u>779,782</u>	<u>21,475</u>	2.8%
Net Increase(Decrease)	<u>\$ (105,761)</u>	<u>\$ (129,518)</u>		

Clinton Township Housing Commission
Management's Discussion and Analysis (MD&A)
March 31, 2008
(Continued)

Entity-Wide Financial Highlights (Continued):

Revenues:

Clinton Township Housing Commission's primary revenue sources are subsidies and grants received by HUD. Revenue received from HUD in FYE 3/31/08 for Public Housing and for Section 8 remained relatively flat from FYE 3/31/07 to 3/31/08. For FYE 3/31/08, revenue generated by the Commission accounted for \$216,436 (or 31% of total revenue), while HUD contributions accounted for \$479,060 (or 69% of total revenue). Other Revenue increased due to two factors:

- * Investment Income rose substantially due to better investing practices
- * We sold some old equipment for cash

Expenses:

Total Expenses for FYE 3/31/08 were \$801,257 while for FYE 3/31/07 the total was \$779,782. This represents just a 2.8% increase in our Operating Costs, an amount that can be substantially attributed to inflation. The cost areas that increased the most were:

	<u>FYE</u> <u>3/31/08</u>	<u>FYE</u> <u>3/31/07</u>	<u>Dollar</u> <u>Change</u>	<u>Per</u> <u>Cent</u> <u>Change</u>
Compensated Absences	\$ 1,973	\$ (13,447)	\$15,420	(114.7) %
Employee Benefits:				
Administrative	38,891	29,902	8,989	30.1 %
Other Operating-				
Administrative	51,744	37,408	14,336	38.3 %
Casualty Losses	3,697	2,500	1,197	47.9 %

- * Compensated Absences: This expense increased due to the nature of the account. The negative amount posted in FYE 3/31/07 represented the release of the liability that had been carried on the books for our Executive Director, who retired 12/31/06. During FYE 3/31/08 we did not have any retirements, so the liability went up again.
- * Employee Benefits: Administrative: This expense increased due to the change in administrative personnel (new Executive Director). The former Director was single; our new E.D. is married and the health insurance is more than double what we paid on behalf of the Executive Director in previous years. Additionally, the pension contribution rate (for all employees) increased as well. Also included in this expense

Clinton Township Housing Commission
Management's Discussion and Analysis (MD&A)
March 31, 2008
(Continued)

Entity-Wide Financial Highlights (Continued):

Expenses (Continued):

category are the retired E.D. benefit costs for the entire fiscal year. We only had 3 months of retiree benefit expense in the prior year, and none in the years before 3/31/07. Next fiscal year, however, we will reclassify the retiree benefit expenses to the more appropriate account of retirement/severance expense under General Expenses.

- * Other Operating - Administrative: Increased due to several factors:
 1. Travel & Training increased substantially due to the hiring of a new Executive Director who was in need of training on a few fronts since she had not worked on a HUD project before. This training was necessary and proved very beneficial to the agency.
 2. Postage increased substantially. Office supplies increased as well. The waiting lists had not been updated to current status in a long time. This required extra postage and other office supplies in order to get our lists to be current and accurate. The general office filing system also needed substantial work to get things in order, thus necessitating the purchase of office supplies.
 3. Tenant Screening costs increased many times over. The prior Director did little in the way of screening tenants, but our new Director does go through various screening (credit checks, criminal checks, etc.) before leasing a unit to a tenant.

- * Casualty Losses: This is an expense that cannot be predicted. We had a loss in FYE 3/31/07, but a larger loss in FYE 3/31/08.

Budget Analysis:

A Low Rent Public Housing Operating Budget for FYE 3/31/08 was presented to and approved by the Board of Commissioners. We did amend the budget during the fiscal year. Actual expenses exceeded the budgeted projections in two expense categories, with the total expenses at 102% of the budget figures. Actual revenues also exceeded budgeted projections, with total revenues at 105% of the budgeted projection. The final actual Operating Income of \$20,997.93 was well in excess of the budgeted Operating Income of \$4,775.

**Clinton Township Housing Commission
Management's Discussion and Analysis (MD&A)
March 31, 2008
(Continued)**

Entity-Wide Operational Highlights

The Clinton Township Housing Commission provided the following housing for low-income elderly and low-income families:

	<u>FYE</u> <u>3/31/08</u>	<u>FYE</u> <u>3/31/07</u>
Public Housing	100	100
Sec. 8 Voucher	23	23

During FYE 3/31/08, Clinton Township Housing Commission maintained a lease-up rate of 95.7% in its Public Housing Program and a lease-up rate of 85.1% in its Section 8 program. These lease-up rates are under the HUD-prescribed target of 97%. We are working to increase our lease-up rates.

During FYE 3/31/08, our Capital Fund Program work projects included:

- * Appliance purchases (ranges and stovetops)
- * Plumbing upgrades (new faucets)
- * Interior closet guides
- * Electrical and safety upgrades in dwelling units

Economic Factors and Next Year's Budget and Rates

The Housing Commission is primarily dependent upon HUD for the funding of operations as well as capital needs. Therefore, the Housing Commission is affected more by the Federal Budget than by local economic conditions. The funding of programs could be significantly affected by the Federal Budget.

A fundamental finding of the Harvard Cost Study is that Public Housing Agencies have been, and continue to be, woefully underfunded by HUD. Yet, due to the federal budget crunch, HUD continues to only pay us only a portion of the subsidy that we are entitled to. Since we fully expect this inadequate funding pattern to continue it is inevitable that cuts in services to our residents will have to be made.

Although the Housing Commission remains concerned about the future levels of HUD funding due to the state of the federal budget, we feel that, in the short term, we are both financially and operationally in a strong position to continue to provide safe, sanitary, and decent housing to our residents.

Clinton Township Housing Commission
Management's Discussion and Analysis (MD&A)
March 31, 2008
(Continued)

Economic Factors and Next Year's Budget and Rates (Continued):

Request for Information

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in its finances. Questions or comments concerning any of the information contained in this report or request for additional information should be directed to:

Lori Almasy, Executive Director
Clinton Township Housing Commission
34947 Village Road
Clinton Township, MI 48035

FINANCIAL STATEMENTS

CLINTON TOWNSHIP HOUSING COMMISSION
STATEMENT OF NET ASSETS
March 31, 2008
=====

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 218,602
Cash-restricted	32,566
Receivables	7,715
Prepaid expenses	<u>23,782</u>
Total Current Assets	<u>282,665</u>
Capital Assets:	
Land	48,000
Buildings	1,440,255
Equipment	125,506
Building improvements	1,998,149
Construction in progress	<u>4,224</u>
	3,616,134
Less: accumulated depreciation	<u>(2,427,836)</u>
Net Capital Assets	<u>1,188,298</u>
Total Assets	<u>\$ 1,470,963</u>

See notes to financial statements

CLINTON TOWNSHIP HOUSING COMMISSION
STATEMENT OF NET ASSETS (CONTINUED)
March 31, 2008
=====

LIABILITIES and NET ASSETS

Current Liabilities:	
Accounts payable	\$ 17,010
Tenant security deposit liability	20,672
Accrued expenses	621
Deferred revenues	6,995
Other current liabilities	<u>11,927</u>
Total Current Liabilities	57,225
Noncurrent liabilities:	
Accrued compensated absences	<u>5,592</u>
Total Liabilities	<u>62,817</u>
Net Assets:	
Invested in capital assets	1,188,298
Restricted net assets	32,566
Unrestricted net assets	<u>187,282</u>
Total Net Assets	<u>1,408,146</u>
Total Liabilities and Net Assets	<u>\$ 1,470,963</u>

See notes to financial statements

CLINTON TOWNSHIP HOUSING COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS

Year Ended March 31, 2008

=====

OPERATING REVENUES:

Dwelling rent	\$ 190,454
Nondwelling rent	13,288
Operating grants	<u>450,766</u>

Total operating revenues	<u>654,508</u>
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OPERATING EXPENSES:

Administration	173,356
Utilities	104,331
Ordinary maintenance and operation	165,172
General expenses	57,341
Casualty losses	3,697
Housing assistance payments	134,507
Depreciation	<u>162,853</u>

Total operating expenses	<u>801,257</u>
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Operating income(loss)	<u>(146,749)</u>
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NONOPERATING REVENUES:

Investment interest income	10,820
Other income	2,958
Loss on sale of fixed assets	<u>(1,084)</u>

Total nonoperating revenues	<u>12,694</u>
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Income(loss) before contributions	(134,055)
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CAPITAL CONTRIBUTIONS

	<u>28,294</u>
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Change in net assets	(105,761)
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Net assets, beginning	<u>1,513,907</u>
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Net assets, ending	<u><u>\$ 1,408,146</u></u>
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See notes to financial statements

CLINTON TOWNSHIP HOUSING COMMISSION
STATEMENT OF CASH FLOWS
Year Ended March 31, 2008
=====

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from dwelling and nondwelling rents	\$ 203,632
Cash received from operating grants	451,564
Cash payments to other suppliers of goods and services	(433,343)
Cash payments to employees for services	(251,320)
Cash payments for in lieu of taxes	<u>(1)</u>
Net cash (used) by operating activities	<u>(29,468)</u>

CASH FLOWS FROM NONCAPITAL

FINANCING ACTIVITIES:

Tenant security deposits	1,189
Other revenue	<u>3,203</u>
Net cash provided by noncapital financing activities	<u>4,392</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Loss on the sale of fixed assets	(1,084)
Capital grants	28,294
Payments for capital acquisitions	<u>(29,434)</u>
Net cash (used) by capital and related financing activities	<u>(2,224)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Receipts of interest and dividends	<u>10,820</u>
Net cash provided by investing activities	<u>10,820</u>

Net increase(decrease) in cash	(16,480)
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Cash and cash equivalents, beginning	<u>267,648</u>
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Cash and cash equivalents, ending	<u>\$ 251,168</u>
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CLINTON TOWNSHIP HOUSING COMMISSION
STATEMENT OF CASH FLOWS (CONTINUED)
Year Ended March 31, 2008
=====

RECONCILIATION OPERATING INCOME(LOSS)
TO NET CASH PROVIDED BY OPERATING
ACTIVITIES:

Operating income(loss)	\$(146,749)
Adjustments to reconcile operating (loss) to net cash provided(used) by operating activities:	
Depreciation	162,853
Bad debt allowance adjustment	650
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable-HUD	798
Accounts receivable-tenants	(4,211)
Prepaid expenses	(1,918)
Increase (decrease) in liabilities:	
Accounts payable	(16,688)
Accrued wage/payroll taxes payable	(41,463)
Accrued compensated absences	1,974
Other current liabilities	4,066
Accounts payable-PILOT	7,119
Deferred revenues	<u>4,101</u>
Net cash (used) by operating activities	<u><u>\$(29,468)</u></u>

See notes to financial statements

CLINTON TOWNSHIP HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS
March 31, 2008
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NOTE 1: Summary of Significant Accounting Policies

The Clinton Township Housing Commission (the Housing Commission) is a component unit of Clinton Township, a Michigan Township. The Housing Commission is a Public Housing Agency created by Clinton Township on October 9, 1968, consisting of a five member board appointed by the Township Supervisor and charged with the responsibility to provide low-rent housing, under the low rent program Annual Contributions Contract for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal agencies.

The Housing Commission complies with U.S. generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the financial statements for the proprietary fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Housing Commission the option of electing to apply FASB pronouncements issued after November 30, 1989, except for those that conflict with or contradict a GASB pronouncement. The Housing Commission has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1(a) Financial Reporting Entity

The Housing Commission's financial reporting entity comprises the following:

Primary Government:	Housing Commission
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In determining the financial reporting entity, the Housing Commission complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39, "The Financial Reporting Entity", and includes all component units, if any, of which the Housing Commission appointed a voting majority of the units' board; the Housing Commission is either able to impose its will on the unit or a financial benefit or burden relationship exists. There are no agencies, organizations or activities meeting this criteria.

1(b) Basis of Presentation

Financial statements of the reporting entity's programs are organized and reported as an enterprise fund and are accounted for by providing a set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Enterprise funds are used to account for business-like activities provided to its tenants. These activities are financed primarily by user charges and/or Federal funding and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Housing Commission's programs as an enterprise fund.

Following is a description of the Housing Commission's programs:

Program	Brief Description
Low Rent	Accounts for activities of the Public and Indian Housing program which HUD provides an annual subsidy to help public housing agencies (PHAs) pay some of the cost of operating and maintaining public housing units.
Capital Fund Program	Accounts for activities of the Capital Fund which provides funds to housing authorities to modernize public housing developments.
Housing Choice Vouchers	Accounts for activities of the Voucher program which assists very low income families, the elderly, and the disabled to afford decent, safe and sanitary housing in the private market.

1(c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the financial statements, the "economic resources" measurement focus is used as follows:

The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current

1(c) Measurement Focus and Basis of Accounting (Continued)

or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1(d) Assets, Liabilities, and Equity

Cash and Investments

For the purpose of the Statement of Net Assets, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 2(b) and 3(a).

Interprogram Receivables and Payables

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. Offsetting interprograms are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Tenant accounts receivable, accrued interest receivable and accounts receivable from U.S. Department of Housing and Urban Development compose the majority of receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories

Inventories are valued at average cost, and consist of expendable supplies held for consumption. The cost of inventories are recorded as expenditures when consumed, rather than when purchased.

1(d) Assets, Liabilities, and Equity (Continued)

Insurance

The premiums on all major insurance policies are charged to prepaid insurance and amortized over the life of the policy.

Budgets and Budgetary Accounting

The Housing Commission adopts a formal operating budget each year for its operating programs and on a project length basis for its capital expenditures which are approved by the Board of Commissioners and submitted to the Department of Housing and Urban Development for their approval, if required.

Estimates and Assumptions

The Housing Commission uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) is as follows:

In the financial statements, capital assets purchased or acquired with an original cost of \$5,000 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets are recorded as an allocated expense depending on the program where the asset is shown, in the Statement of Revenues, Expenses and Changes in Net Assets, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings & improvements	15 -40 years
Equipment - dwellings	7 years
Maintenance equipment	5 - 7 years
Office equipment	3 - 7 years

1(d) Assets, Liabilities, and Equity (Continued)

Compensated Absences

The Housing Commission's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Equity Classifications

Equity is classified as net assets and displayed in two components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Housing Commission had no related debt.
- b. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".
- c. Restricted net assets - Consists of net assets of the Housing Choice Voucher Program that are restricted by HUD because of excess funding, but are expendable for HAP payments.

1(e) Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's enterprise fund are charges to tenants for rents, nondwelling rents, and operating grants from HUD. Operating expenses for the operating fund include the cost of administrative, tenant services, utilities, ordinary maintenance and operation, general, casualty losses, housing assistance payments, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1(e) Revenues, Expenditures, and Expenses (Continued)

Interfund Transfers

For the purposes of the Statement of Revenues, Expenses, and Changes in Net Assets, all interfund transfers between individual programs, if any, have been eliminated.

Post Employment Benefits

The provision for pension cost is recorded on an accrual basis, and the Commission's policy is to fund pension costs as they accrue.

Income Taxes

As a component unit of a Michigan City, the Housing Commission is exempt from federal and state income taxes. The Housing Commission has no unrelated business income.

NOTE 2: Stewardship, Compliance, and Accountability

The Housing Commission and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Housing Commission's compliance with significant laws and regulations and demonstration of its stewardship over Housing Commission resources follows.

2(a) Program Accounting Requirements

The Housing Commission complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Housing Commission are as follows:

Program	Required By
Public and Indian Housing	U.S. Department of HUD
Capital Fund	U.S. Department of HUD
Housing Choice Vouchers	U.S. Department of HUD

2(b) Deposits and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of the Housing Commission in financial institutions must be secured with acceptable collateral valued at the lower of market or par. All financial institutions pledging collateral to the Housing Commission must have a written Depository Agreement. As reflected in Note 3(a), all deposits were fully insured or collateralized.

2(b) Deposits and Investments Laws and Regulations (Continued)

Investments of the Housing Commission are limited by state law to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which acceptable collateral is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral.

2(c) Revenue Restrictions

The Housing Commission has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<i>Revenue Source</i>	<i>Legal Restrictions of Use</i>
Capital Fund Program	Modernization

For the year ended March 31, 2008, the Housing Commission complied, in all material respects, with these revenue restrictions.

NOTE 3: Detail Notes on Transactions Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3(a) Cash and Investments

Deposits

The Housing Commission's policies regarding deposits of cash are discussed in Note 1(d). The table presented below is designed to disclose the level of custody credit risk assumed by the Housing Commission based upon how its deposits were insured or secured with collateral at March 31, 2008. The categories of credit risk are defined as follows:

Category 1 - Insured by FDIC or collateralized with securities held by the Housing Commission (or public trust) or by its agent in its name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Housing Commission's name.

Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Housing Commission's name; or collateralized with no written or approved collateral agreement.

3(a) Cash and Investments (Continued)

Deposits (Continued)

	Total Bank Balance	Custody Credit Risk			Total Carrying Value
		Category 1	Category 2	Category 3	
Demand deposits	<u>\$322,732</u>	<u>\$322,732</u>	<u>\$</u>	<u>\$</u>	<u>\$ 250,968</u>

Investments

The Housing Commission does not have any investments.

A reconciliation of cash as shown on the combined statement of net assets is as follows:

Cash on hand	\$ 200
Carrying amount of deposits	<u>250,968</u>
Total	<u>\$ 251,168</u>
Cash and investments:	
Enterprise activities	\$ 322,932
Enterprise activities - March 28 deposit on April books	(466)
Enterprise activities - checks written in excess of deposits	<u>(71,298)</u>
Total	<u>\$ 251,168</u>

3(b) Receivables

Receivables detail at March 31, 2008, is as follows:

HUD	\$ 2,032
Tenant accounts receivable	8,428
Allowance for doubtful accounts	<u>(2,745)</u>
	<u>\$ 7,715</u>

3(c) Capital Assets

Capital asset activity for the year ended March 31, 2008, was as follows:

	<u>Balance 03/31/07</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Balance 03/31/08</u>
Low Rent Program				
Land	\$ 48,000	\$	\$	\$ 48,000
Buildings	1,440,255			1,440,255
Furniture, equip. & machinery - dwellings	38,402	1,616		40,018
Furniture, equip. & machinery - administration	80,624	609	(11,603)	69,630
Building improvements	<u>1,972,477</u>			<u>1,972,477</u>
	3,579,758	<u>\$ 2,225</u>	<u>\$ (11,603)</u>	3,570,380
Less accumulated depreciation	<u>(2,274,736)</u>	<u>\$ (160,191)</u>	<u>\$ 10,518</u>	<u>(2,424,409)</u>
Total	<u>\$1,305,022</u>			<u>\$1,145,971</u>
Capital Fund Program				
Furniture, equip. & machinery - dwellings	\$ 2,830	\$ 13,028	\$	\$ 15,858
Building improvements	14,630	11,042		25,672
Construction in progress	<u>17,460</u>	<u>4,224</u>		<u>4,224</u>
		<u>\$ 28,294</u>	<u>\$</u>	45,754
Less accumulated depreciation	<u>(765)</u>	<u>\$ (2,662)</u>	<u>\$</u>	<u>(3,427)</u>
Total	<u>\$ 16,695</u>			<u>\$ 42,327</u>
Combined Totals				<u><u>\$1,188,298</u></u>

Depreciation expense was charged to functions/programs of the government as follows:

Business-type activities:	
Low Rent Program	\$ 160,191
Capital Fund Program	<u>2,662</u>
	<u>\$ 162,853</u>

3(d) Accounts Payable

Payable detail at March 31, 2008, is as follows:

Accounts payable - vendors	\$ 5,297
Accounts payable - other government-PILOT	<u>11,713</u>
	<u>\$ 17,010</u>

3(e) Accrued Expenses

Accrued expense detail at March 31, 2008, is as follows:

Accrued compensated absences-current portion	<u>\$ 621</u>
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3(f) Other Current Liabilities

Other current liabilities at March 31, 2008, is as follows:

Utilities	<u>\$ 11,927</u>
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3(g) Non-current Liabilities

As of March 31, 2008, the non-current liabilities are comprised of the following:

Accrued compensated absences - noncurrent portion	<u>\$ 5,592</u>
--	-----------------

The following is a summary of changes in non-current liabilities for the year ended March 31, 2008:

	<u>Balance</u> <u>03/31/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>03/31/08</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
Accrued compensated absences	<u>\$ 3,815</u>	<u>\$ 1,777</u>	<u>\$</u>	<u>\$ 5,592</u>	<u>\$ 621</u>

3(h) Interprogram Transactions and Balances

Operating Transfers

There was an operating transfer of \$60,600 from the capital fund program to the low rent program during the fiscal year ended March 31, 2008.

Interprogram Receivable/Payable

Low Rent Program	\$ 13,598
Capital Fund Program	(2,032)
Housing Choice Voucher Program	<u>(11,566)</u>
	<u>\$</u>

NOTE 4: Other Notes

4(a) Employee Retirement Plan

Clinton Township Housing Commission participates in the Clinton Township's pension plan, the Municipal Employees Retirement System, (MERS). MERS is a Defined Benefit Program which operates within the Michigan Department of Management and Budget, Bureau of Retirement Systems. The pension covers all eligible full-time employees and requires a minimum contribution by the employee. At December 31, 2007, the date of the last available actuarial evaluation, the Township's (the Housing Commission is included) termination liability for retirement benefits is \$43,802,386 (employer and employee combined). Valuation assets available to meet this obligation was \$40,149,323. There is an unfunded balance of \$308,648 as of December 31, 2007. The Housing Commission and employees contributed \$13,727 during the calendar year 2007. The Township (the Housing Commission is included) has twelve(15) active members, zero(0) vested former member, and twelve(12) retirees and beneficiaries. Statistical information concerning the plan can be obtained from MERS, which is contained in their annual report.

4(b) Post-Retirement Benefits other than Pensions

The Housing Commission pay it's retiree's health insurance according to the following schedule:

<u>Years of Service</u>	<u>Paid by Housing Commission</u>	<u>Paid by Retiree</u>
10 to 14	25%	75%
15 to 19	50%	50%
20 to 24	75%	25%
25 or more	100%	0%

4(c) Risk Management

The Housing Commission is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Housing Commission manages these various risks of loss as follows:

Type of Loss	Method Managed
a. Auto	Purchased insurance from Auto Owners Insurance.
b. Injuries to employees (workers' compensation)	Purchased insurance from Auto Owners Insurance.
c. Property	Purchased commercial insurance from Housing Insurance Services.

4(c) Risk Management (Continued)

Type of Loss	Method Managed
d. Liability	Purchased commercial insurance from HARRG.
e. Health and life	Included in the Clinton Township plan.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Housing Commission. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4(d) Commitments and Contingencies

Commitments - Construction

At March 31, 2008, the Housing Commission had the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
2005 CFP	\$ 134,762	\$ 134,762
2006 CFP	130,092	39,430
2007 CFP	133,163	-

Contingencies

The Housing Commission is subject to possible examination by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Housing Commission in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

SUPPLEMENTARY INFORMATION

CLINTON TOWNSHIP HOUSING COMMISSION
COMBINING STATEMENT OF NET ASSETS
BY PROGRAM

March 31, 2008

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	C-3031 Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 205,839	\$
Cash-restricted		
Receivables:		
HUD		2,032
Tenants-dwelling units	8,428	
Allowance for doubtful accounts	(2,745)	
Prepaid expenses	23,782	
Due from other programs	<u>13,598</u>	
Total current assets	<u>248,902</u>	<u>2,032</u>
Capital assets:		
Land	48,000	
Buildings	1,440,255	
Equipment	109,648	15,858
Building improvements	1,972,477	25,672
Construction in progress	<u>4,224</u>	
	3,570,380	45,754
Less accumulated depreciation	<u>(2,424,409)</u>	<u>(3,427)</u>
Net capital assets	<u>1,145,971</u>	<u>42,327</u>
Total Assets	<u>\$ 1,394,873</u>	<u>\$ 44,359</u>

Housing Choice Vouchers <u>14.871</u>	<u>Totals</u>
\$ 12,763	\$ 218,602
32,566	32,566
	2,032
	8,428
	(2,745)
	23,782
	<u>13,598</u>
<u>45,329</u>	<u>296,263</u>
	48,000
	1,440,255
	125,506
	1,998,149
	<u>4,224</u>
	3,616,134
	<u>(2,427,836)</u>
	<u>1,188,298</u>
<u>\$ 45,329</u>	<u>\$ 1,484,561</u>

CLINTON TOWNSHIP HOUSING COMMISSION
COMBINING STATEMENT OF NET ASSETS
BY PROGRAM (CONTINUED)
 March 31, 2008

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	C-3031 Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
LIABILITIES and NET ASSETS		
Current liabilities:		
Accounts payable	\$ 16,810	\$
Tenant security deposit liability	20,672	
Accrued expenses	621	
Deferred revenues	6,995	
Other current liabilities	11,927	
Due to other programs	<u> </u>	<u>2,032</u>
Total current liabilities	57,025	2,032
Noncurrent liabilities:		
Accrued compensated absences	<u>5,592</u>	<u> </u>
Total liabilities	<u>62,617</u>	<u>2,032</u>
Net Assets:		
Invested in capital assets	1,145,971	42,327
Restricted net assets		
Unrestricted net assets	<u>186,285</u>	<u> </u>
Total net assets	<u>1,332,256</u>	<u>42,327</u>
Total Liabilities and Net Assets	<u>\$1,394,873</u>	<u>\$ 44,359</u>

Housing Choice Vouchers 14.871	Totals
\$ 200	\$ 17,010
	20,672
	621
	6,995
	11,927
<u>11,566</u>	<u>13,598</u>
11,766	70,823
	<u>5,592</u>
<u>11,766</u>	<u>76,415</u>
	1,188,298
32,566	32,566
<u>997</u>	<u>187,282</u>
<u>33,563</u>	<u>1,408,146</u>
<u>\$ 45,329</u>	<u>\$ 1,484,561</u>

CLINTON TOWNSHIP HOUSING COMMISSION
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN NET ASSETS BY PROGRAM**
 Year Ended March 31, 2008
 =====

	C-3031 Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
OPERATING REVENUES:		
Dwelling rent	\$ 190,454	\$
Nondwelling rent	13,288	
Operating grants	<u>237,718</u>	<u>61,429</u>
Total operating revenues	<u>441,460</u>	<u>61,429</u>
OPERATING EXPENSES:		
Administration	160,598	829
Utilities	104,331	
Ordinary maintenance and operation	165,172	
General expenses	57,341	
Casualty losses	3,697	
Housing assistance payments		
Depreciation	<u>160,191</u>	<u>2,662</u>
Total operating expenses	<u>651,330</u>	<u>3,491</u>
Operating income(loss)	<u>(209,870)</u>	<u>57,938</u>
NONOPERATING REVENUES(EXPENSES) :		
Operating transfers in(out)	60,600	(60,600)
Investment interest income	9,343	
Other income	2,958	
Loss on sale of fixed assets	<u>(1,084)</u>	<u> </u>
Total nonoperating revenues (expenses)	<u>71,817</u>	<u>(60,600)</u>
Income(loss) before contributions	(138,053)	(2,662)
CAPITAL CONTRIBUTIONS	<u> </u>	<u>28,294</u>
Change in net assets	(138,053)	25,632
Net assets, beginning	<u>1,470,309</u>	<u>16,695</u>
Net assets, ending	<u>\$1,332,256</u>	<u>\$ 42,327</u>

Housing Choice Vouchers <u>14.871</u>	<u>Totals</u>
\$	\$
	190,454
	13,288
<u>151,619</u>	<u>450,766</u>
<u>151,619</u>	<u>654,508</u>
11,929	173,356
	104,331
	165,172
	57,341
	3,697
134,507	134,507
<u> </u>	<u>162,853</u>
<u>146,436</u>	<u>801,257</u>
<u>5,183</u>	<u>(146,749)</u>
1,477	10,820
	2,958
<u> </u>	<u>(1,084)</u>
<u>1,477</u>	<u>12,694</u>
6,660	(134,055)
<u> </u>	<u>28,294</u>
6,660	(105,761)
<u>26,903</u>	<u>1,513,907</u>
<u>\$ 33,563</u>	<u>\$ 1,408,146</u>

CLINTON TOWNSHIP HOUSING COMMISSION
COMBINING STATEMENT OF CASH FLOWS
BY PROGRAM

Year Ended March 31, 2008

=====

	C-3031 Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from dwelling and nondwelling rents	\$ 203,632	\$
Cash received from operating grants	237,718	62,227
Cash payments to other suppliers of goods and services	(294,128)	(829)
Cash payments to employees for services	(243,070)	
Cash payments for in lieu of taxes	<u>(1)</u>	
Net cash provided (used) by operating activities	<u>(95,849)</u>	<u>61,398</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Interprogram due from(to)	1,082	(798)
Operating transfers in(out)	60,600	(60,600)
Tenant security deposits	1,189	
Other revenue	<u>3,203</u>	
Net cash provided (used) by noncapital financing activities	<u>66,074</u>	<u>(61,398)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Loss from sale of fixed assets	(1,084)	
Capital grants		28,294
Payments for capital acquisitions	<u>(1,140)</u>	<u>(28,294)</u>
Net cash (used) by capital and related financing activities	<u>(2,224)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipts of interest and dividends	<u>9,343</u>	
Net cash provided by investing activities	<u>9,343</u>	
Net increase(decrease) in cash	(22,656)	
Cash and cash equivalents, beginning	<u>228,495</u>	
Cash and cash equivalents, ending	<u>\$ 205,839</u>	<u>\$</u>

Housing Choice Vouchers 14.871	Totals
\$ 151,619	\$ 203,632
(138,386)	451,564
(8,250)	(433,343)
	(251,320)
	(1)
4,983	(29,468)
(284)	
	1,189
	3,203
(284)	4,392
	(1,084)
	28,294
	(29,434)
	(2,224)
1,477	10,820
1,477	10,820
6,176	(16,480)
39,153	267,648
\$ 45,329	\$ 251,168

CLINTON TOWNSHIP HOUSING COMMISSION
COMBINING STATEMENT OF CASH FLOWS
BY PROGRAM (CONTINUED)
Year Ended March 31, 2008

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C-3031 Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
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**RECONCILIATION OF OPERATING INCOME
(LOSS) TO NET CASH PROVIDED BY
OPERATING ACTIVITIES:**

Operating income(loss)	\$(209,870)	\$ 57,938
Adjustments to reconcile operating (loss) to net cash provided(used) by operating activities:		
Depreciation	160,191	2,662
Bad debt allowance adjustment	650	
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable-HUD		798
Accounts receivable-tenants	(4,211)	
Prepaid expenses	(1,918)	
Increase (decrease) in liabilities:		
Accounts payable	(16,488)	
Accrued wage/payroll taxes payable	(41,463)	
Accrued compensated absences	1,974	
Other current liabilities	4,066	
Accounts payable-PILOT	7,119	
Deferred revenues	<u>4,101</u>	
Net cash provided (used) by operating activities	<u>\$(95,849)</u>	<u>\$ 61,398</u>

Housing Choice Vouchers 14.871	Totals
\$ 5,183	\$ (146,749)
	162,853
	650
	798
	(4,211)
	(1,918)
(200)	(16,688)
	(41,463)
	1,974
	4,066
	7,119
	<u>4,101</u>
<u>\$ 4,983</u>	<u>\$ (29,468)</u>

CLINTON TOWNSHIP HOUSING COMMISSION

FINANCIAL DATA SCHEDULE

Year Ended March 31, 2008

=====

FDS Line Item No.		C-3031 Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
	ASSETS		
	Current Assets:		
	Cash:		
111	Cash-unrestricted	\$ 185,167	\$
113	Cash-other restricted		
114	Cash-tenant security deposits	<u>20,672</u>	
100	Total cash	<u>205,839</u>	
	Receivables:		
122	A/R-HUD other projects		2,032
126	A/R-tenants-dwelling rents	8,428	
126.1	Allowance for doubtful accounts	<u>(2,745)</u>	
120	Total receivables, net of allowance for doubtful accounts	<u>5,683</u>	<u>2,032</u>
	Other Current Assets:		
142	Prepaid expenses and other assets	23,782	
144	Interprogram due from	<u>13,598</u>	
	Total other current assets	<u>37,380</u>	<u>2,032</u>
150	Total current assets	<u>248,902</u>	<u>2,032</u>
	Noncurrent Assets:		
	Fixed Assets:		
161	Land	48,000	
162	Buildings	1,440,255	
163	Furn, equip & mach-dwellings	40,018	15,858
164	Furn, equip & mach-admin.	69,630	
165	Building improvements	1,972,477	25,672
166	Accumulated depreciation	(2,424,409)	(3,427)
167	Construction in progress		<u>4,224</u>
160	Total fixed assets, net of accumulated depreciation	<u>1,145,971</u>	<u>42,327</u>
180	Total noncurrent assets	<u>1,145,971</u>	<u>42,327</u>
190	Total Assets	<u>\$ 1,394,873</u>	<u>\$ 44,359</u>

Housing Choice Vouchers 14.871	Totals
\$ 12,763	\$ 197,930
32,566	32,566
	<u>20,672</u>
<u>45,329</u>	<u>251,168</u>
	2,032
	8,428
	(<u>2,745</u>)
	<u>7,715</u>
	23,782
	<u>13,598</u>
	<u>37,380</u>
<u>45,329</u>	<u>296,263</u>
	48,000
	1,440,255
	55,876
	69,630
	1,998,149
	(<u>2,427,836</u>)
	<u>4,224</u>
	<u>1,188,298</u>
	<u>1,188,298</u>
<u>\$ 45,329</u>	<u>\$ 1,484,561</u>

CLINTON TOWNSHIP HOUSING COMMISSION
FINANCIAL DATA SCHEDULE (CONTINUED)
Year Ended March 31, 2008
=====

FDS Line Item No.		C-3031 Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
LIABILITIES and NET ASSETS			
	Liabilities:		
	Current Liabilities:		
312	Accounts payable<=90 days	\$ 5,097	\$
322	Accrued compensated absences- current portion	621	
333	Accounts payable-other government	11,713	
341	Tenant security deposits	20,672	
342	Deferred revenues	6,995	
345	Other current liabilities	11,927	
347	Interprogram due to		<u>2,032</u>
310	Total current liabilities	57,025	2,032
	Noncurrent Liabilities:		
354	Accrued compensated absences	<u>5,592</u>	
300	Total liabilities	<u>62,617</u>	<u>2,032</u>
	Net Assets:		
508.1	Invested in capital assets	<u>1,145,971</u>	<u>42,327</u>
508	Total invested in capital assets	1,145,971	42,327
511.1	Restricted net assets		
512.1	Unrestricted net assets	<u>186,285</u>	
513	Total Net Assets	<u>1,332,256</u>	<u>42,327</u>
600	Total Liabilities and Net Assets	<u>\$ 1,394,873</u>	<u>\$ 44,359</u>

Housing Choice Vouchers <u>14.871</u>	<u>Totals</u>
\$ 200	\$ 5,297
	621
	11,713
	20,672
	6,995
	11,927
<u>11,566</u>	<u>13,598</u>
11,766	70,823
	<u>5,592</u>
<u>11,766</u>	<u>76,415</u>
	<u>1,188,298</u>
	1,188,298
32,566	32,566
<u>997</u>	<u>187,282</u>
<u>33,563</u>	<u>1,408,146</u>
<u>\$ 45,329</u>	<u>\$ 1,484,561</u>

CLINTON TOWNSHIP HOUSING COMMISSION
FINANCIAL DATA SCHEDULE (CONTINUED)
Year Ended March 31, 2008
=====

FDS Line Item No.		C-3031 Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
	Revenue:		
703	Net tenant rental revenue	\$ 190,454	\$
704	Tenant revenue-other	<u>13,288</u>	<u></u>
705	Total tenant revenue	203,742	
706	HUD PHA grants	237,718	61,429
706.1	Capital grants		28,294
711	Investment income-unrestricted	9,343	
715	Other income	2,958	
716	Gain/loss on sale of fixed assets	(1,084)	
720	Investment income-restricted	<u></u>	<u></u>
700	Total revenue	<u>452,677</u>	<u>89,723</u>
	Expenses:		
	Administrative:		
911	Administrative salaries	69,648	
912	Auditing fees	5,100	
914	Compensated absences	1,973	
915	Employee benefit contributions-adm.	36,641	
916	Other operating-administrative	47,236	829
	Utilities:		
931	Water	37,976	
932	Electricity	34,148	
933	Gas	32,207	
	Ordinary maintenance and operation:		
941	Ordinary maint & oper-labor	62,826	
942	Ordinary maint & oper-mat'ls & other	29,526	
943	Ordinary maint & oper-contract costs	40,327	
945	Employee benefit contributions	32,493	
	General expenses:		
961	Insurance premiums	41,448	
963	Payments in lieu of taxes	7,120	
964	Bad debt-tenant rents	<u>8,773</u>	<u></u>
969	Total operating expenses	<u>487,442</u>	<u>829</u>
970	Excess operating revenue over operating expenses	<u>(34,765)</u>	<u>88,894</u>

Housing Choice Vouchers 14.871	Totals
\$	\$ 190,454
	13,288
	203,742
151,619	450,766
	28,294
100	9,443
	2,958
	(1,084)
1,377	1,377
153,096	695,496
6,000	75,648
	5,100
	1,973
2,250	38,891
3,679	51,744
	37,976
	34,148
	32,207
	62,826
	29,526
	40,327
	32,493
	41,448
	7,120
	8,773
11,929	500,200
141,167	195,296

CLINTON TOWNSHIP HOUSING COMMISSION
FINANCIAL DATA SCHEDULE (CONTINUED)
 Year Ended March 31, 2008

=====

FDS Line Item No.		C-3031 Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
	Expenses continued:		
	Other expenses:		
972	Casualty losses	3,697	
973	Housing assistance payments		
974	Depreciation expense	<u>160,191</u>	<u>2,662</u>
	Total other expenses	<u>163,888</u>	<u>2,662</u>
900	Total expenses	<u>651,330</u>	<u>3,491</u>
	Other Financing Sources(Uses):		
1001	Operating transfers in(out)	<u>60,600</u>	<u>(60,600)</u>
1000	Excess (deficiency) of operating revenue over(under) expenses	(138,053)	25,632
1103	Beginning Net Assets	<u>1,470,309</u>	<u>16,695</u>
	Ending Net Assets	<u>\$ 1,332,256</u>	<u>\$ 42,327</u>

Housing Choice Vouchers 14.871	Totals
	3,697
134,507	134,507
	<u>162,853</u>
<u>134,507</u>	<u>301,057</u>
<u>146,436</u>	<u>801,257</u>
6,660	(105,761)
<u>26,903</u>	<u>1,513,907</u>
<u>\$ 33,563</u>	<u>\$ 1,408,146</u>

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

Board of Housing Commissioners
Clinton Township Housing Commission
Clinton Township, Michigan

I have audited the financial statements of the business-type activities of Clinton Township Housing Commission, Michigan, (Housing Commission) as of and for the year ended March 31, 2008, which comprise the Housing Commission's basic financial statements and have issued my report thereon dated December 5, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Housing Commission's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Commission's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Housing Commission's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted principles such that there is more than a remote likelihood that a misstatement of the Housing Commission's financial statements that is more than inconsequential will not be prevented or detected by the Housing Commission's internal control.

Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*
Clinton Township Housing Commission
Page Two

Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements's will not be prevented or detected by the Housing Commission's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2008-1, 2008-2, and 2008-3, respectively.

This report is intended solely for the information and use of the management, Board of Housing Commissioners, others within the entity, the Michigan Department of Treasury, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Barry E. Janduth, CPA, PC

December 5, 2008

CLINTON TOWNSHIP HOUSING COMMISSION
STATUS OF PRIOR AUDIT FINDINGS
March 31, 2008
=====

Low Rent Public Housing Program - CFDA No. 14.850a

Finding Item 2007-1: Eligibility

Condition: Required and recommended documentation is missing, incorrect, or incomplete in the tenant files.

Comment: I selected six tenant files to test and the exception rate was only 3.3% versus 25.0% in the prior year. This finding is **cleared**.

Finding Item 2007-2: Waiting List

Condition: During testing of new admissions to the program, it was discovered that while there was some documentation that new admissions to the program were selected correctly from the waiting list, there was not adequate documentation of the new admissions.

Comment: As soon as we completed our fieldwork on October 11, 2007 for the prior year audit, the Housing Commission began placing a copy of the appropriate waiting list in the new admission's tenant file when they come into the program. I tested the sixteen new move-ins since the Housing Commission started the new procedure, five of the files didn't have the waiting list in the tenant file. Since the Housing Commission has begun the new procedure, I am going to **clear** this finding.

Housing Choice Voucher Program - CFDA No. 14.871

Finding Item 2007-3, 2007-4, and 2007-7: Eligibility

Condition: Required and recommended documentation is missing, incorrect, or incomplete in the tenant files.

Comment: I selected two tenant files to test and the exception rate was only 5.0% versus 48.0% in the prior year. These three findings are **cleared**.

Finding Item 2007-5: Annual Inspections

Condition: There was no evidence in the tenant files, or available outside of the tenant files to show that all of the tenant units were inspected.

Comment: Of the two tenant files I tested, the inspections were performed timely and inspection form indicates "Pass" and they were in the tenant file. This finding is **cleared**.

CLINTON TOWNSHIP HOUSING COMMISSION
STATUS OF PRIOR AUDIT FINDINGS
(CONTINUED)

March 31, 2008

=====

Housing Choice Voucher Program (Continued) - CFDA No. 14.871

Finding Item 2007-6: Annual Review of Family Composition

Condition: During testing of the tenant files, it was discovered that documentation of the annual review of family composition was missing in the tenant files.

Comment: As soon as we completed our fieldwork on October 11, 2007 for the prior year audit, the Housing Commission began requiring the family composition information. The two tenant files that I tested had the family composition information in the files. This finding is **cleared**.

Finding Item 2007-8: Rent Reasonableness Testing

Condition: During testing of the tenant files and through an interview, it was discovered that there was not a rent reasonable test done where required.

Comment: The Housing Commission began preparing a rent reasonableness test for each tenant, when applicable, on April 1, 2007. The two tenant files that I tested had a recent rent reasonableness test in the tenant file. This finding is **cleared**.

Finding Item 2007-9: Utility Study

Condition: It was discovered through the interview process that a utility study was not done.

Comment: The Housing Commission had a utility study done in August 2007 and August 2008. This finding is **cleared**.

Finding Item 2007-10: Housing Quality Standards(HQS) Inspections

Condition: There was no evidence to show that HQS inspections were done.

Comment: The Housing Commission began to do the HQS inspections beginning April 1, 2008. This finding is **cleared**.

CLINTON TOWNSHIP HOUSING COMMISSION
STATUS OF PRIOR AUDIT FINDINGS
(CONTINUED)

March 31, 2008

=====

Housing Choice Voucher Program (Continued) - CFDA No. 14.871

Finding Item 2007-11: Waiting List

Condition: During testing of new admissions to the program, it was discovered that while there was some documentation that new admissions to the program were selected correctly from the waiting list, there was not adequate documentation of the new admissions.

Comment: The Housing Commission did not provide documentation for new admission's to the Housing Choice Voucher Program. This finding has **not been cleared**.

Finding Item 2007-12: Tenant Files Storage

Condition: Files in storage are not properly secured.

Comment: The tenant files are now stored in the caged area now and it is locked. The key is kept in a locked box. This finding is **cleared**.

CLINTON TOWNSHIP HOUSING COMMISSION
SCHEDULE OF FINDINGS
March 31, 2008
=====

SECTION I - FINANCIAL STATEMENT FINDINGS

Housing Choice Voucher Program - CFDA No. 14.850a

Finding Item 2008-1: Waiting List

Criteria: 24 CFR 982.204 Waiting List: Administration of the Waiting List.

Statement of Condition: During an interview with the Executive Director, it was discovered that there was no documentation of new admissions to the program.

Cause: The staff in charge of this program did not remember to document the new admissions.

Potential Effect: Eligible tenants may not have been admitted to the program, or they may not have been admitted in the correct order.

Recommendation: It is recommended that the Housing Commission improve the documentation process by placing a copy of a current waiting list sorted by preference in a central file every time there is an event that results in a change in the order of the applicants on the waiting list. In addition, if new admissions are not at the top of the waiting list at the time of admission, there should be adequate documentation for anyone above them on the waiting list as to why they were skipped.

CLINTON TOWNSHIP HOUSING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)
March 31, 2008
=====

SECTION I - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Housing Choice Voucher Program - CFDA No. 14.871

Finding Item 2008-2: HUD Section 8 Management Assessment Program (SEMAP) Confirmatory Review conducted from September 15-19, 2008

Criteria: Housing Choice Voucher Guidebook 7420.10G

Statement of Condition: The review determined that the Housing Commission failed to confirm 6 of the 7 SEMAP indicators, to which the Housing Commission certified performance for the fiscal year ended March 31, 2008.

Perspective Information: The Housing Commission administers 23 vouchers.

Cause: It is unclear why the Housing Commission failed to comply with these indicator's.

Effect: The Housing Commission will be designated as troubled for the fiscal year ending March 31, 2008.

Recommendation: The Housing Commission and staff must take immediate actions to resolve these deficiencies by establishing a corrective action plan. The corrective action plan must specify the goals required to achieve compliance; identify obstacles, strategies, and resources for accomplishing the goals; identify staff or others with responsibility for meeting goals, as well as tasks that will be implemented to achieve the goals; specify time frames for meeting the goals; and provide for mandatory reports of progress on meeting the goals.

CLINTON TOWNSHIP HOUSING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)
March 31, 2008
=====

SECTION I - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Housing Choice Voucher Program - CFDA No. 14.871

Finding Item 2008-3: Admission's and Continued Occupancy Policy
(ACOP)

Criteria: With the advent of RHIIP (Rental Housing Income Integrity Project), HUD has made it clear that PHA policies must be more comprehensive than ever before. The ACOP policy establishes local policies for administering the Low Rent Public Housing Program in accordance with HUD requirements.

Statement of Condition: It is unclear when the Housing Commission's ACOP policy was adopted, but it should be updated to address the requirements contained in PIH Notice 2004-18(HA) concerning verification of social security and SSI benefits using HUD's Enterprise Income Verification(EIV) system for existing tenants, and specify that information for new tenants or applicants be obtained following procedures discussed in this Notice. Also, the ACOP policy should include the required implementation of the Violence Against Women Act (VAWA) of 2005.

Perspective Information: It is this PHA policy that will provide staff with the most specific rules on how to handle family situations.

Cause: It is unclear why the ACOP policy has not been updated in recent years.

Effect or Potential Effect: By not having some of the more recent regulations in the current ACOP policy, the Housing Commission may not be in compliance with federal regulations.

Recommendation: I recommend the Housing Commission as soon as possible adopt a new ACOP policy.

SECTION II - FEDERAL AWARD FINDINGS

None